

RX 14

From: "Wang, Kevin" <KWang@riverstonellc.com>
Sent: Sat, 14 Apr 2018 12:06:23 +0000 (UTC)
To: "Zhu, Jingcai" <JZhu@riverstonellc.com>
Cc: "Babaria, Neil" <NBabaria@riverstonellc.com>
Subject: FW: KFM 2017 EBITDA

I've had to ask ARM about KFM EBITDA because the Alta Mesa team is clueless. However, Bo is not generally responsive..

From: Wang, Kevin
Sent: Thursday, April 12, 2018 8:26 PM
To: 'Bo Dunne'
Cc: 'Michael A. McCabe'; 'Ronald J. Smith'; Tamara Alsarraf
Subject: RE: KFM 2017 EBITDA

Hi Bo,

Just wanted to follow-up on the below. One of our investors has asked about KFM's 2017 EBITDA performance and I don't want to contradict anything in the public filings unless we understand any differences. I think \$33mm is more in line with what I was expecting – although below guidance of \$42mm (\$38mm without Expansion EBITDA), I can explain the delta as a 6 month lag in third party development. \$22mm would be harder to explain.

Regards,
Kevin

From: Wang, Kevin
Sent: Wednesday, April 11, 2018 10:39 PM
To: 'Bo Dunne'
Cc: Michael A. McCabe; Ronald J. Smith; Tamara Alsarraf
Subject: KFM 2017 EBITDA

Bo,

We were looking at the S-1 financials for KFM disclosure. The below seems to imply a 2017 KFM EBITDA of \$22mm (addback depreciation of \$9.8mm to income from operations of \$12.3mm). What are we missing here?

I think you had mentioned in February that we were expecting KFM EBITDA to be around \$33mm?

Regards,
Kevin

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https://www.sec.gov/Archives/edgar/data/1690769/000119312518109723/d507450ds1a.htm#fintoc507450_19

ALTA MESA RESOURCES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	AMR (a)	Alta Mesa		Post Non-STACK Assets		Kingfisher Historical (b)	Pro Forma Adjustments	Pro Forma Combined
		Historical (\$)	Divestiture (\$)	Divestiture (\$)	Subtotal			
Operating revenues and other								
Oil, natural gas and natural gas liquids	\$ (11,413)	\$ (1,102)	\$ (28,481)	\$ (30,993)	\$ (30,993)	\$ (34,183)	\$ (34,446)	\$ (34,446)
Midstream revenues	—	—	—	—	—	—	—	—
Other revenues	—	—	—	—	—	—	—	—
Total operating revenues	\$ 383,413	\$ (34,446)	\$ 189,383	\$ 130,237	\$ (34,446)	\$ 341,863	\$ 341,863	\$ 341,863
Gain (loss) on sale of assets	—	—	—	—	—	—	—	—
Gain on acquisition of oil and natural gas properties	—	—	—	—	—	—	—	—
Cost on derivative contracts	—	—	—	—	—	—	—	—
Total operating revenues and other	\$ 383,413	\$ (34,446)	\$ 189,383	\$ 130,237	\$ (34,446)	\$ 341,863	\$ 341,863	\$ 341,863
Operating expenses								
Lease and plant operating expense	—	—	—	—	—	—	—	—
Marketing and transportation	—	—	—	—	—	—	—	—
Midstream operating expense	—	—	—	—	—	—	—	—
Production and ad valorem taxes	—	—	—	—	—	—	—	—
Marketing expense	—	—	—	—	—	—	—	—
Exploration expense	—	—	—	—	—	—	—	—
Depreciation, depletion, and amortization expense	—	—	—	—	—	—	—	—
Impairment expense	—	—	—	—	—	—	—	—
Accrual expense	—	—	—	—	—	—	—	—
Franchise tax expense	—	—	—	—	—	—	—	—
General and administrative expense	—	—	—	—	—	—	—	—
Total operating expenses	\$ 23,3	\$ 18,393	\$ 87,563	\$ 132,953	\$ 117,993	\$ 125,883	\$ 125,883	\$ 125,883
Income (loss) from operations	\$ (23,3)	\$ (18,393)	\$ 87,563	\$ 132,953	\$ 117,993	\$ 125,883	\$ 125,883	\$ 125,883
Other income (expense)								
Interest expense, net	—	—	—	—	—	—	—	—
Other income - Investment income of Trust Account	—	—	—	—	—	—	—	—
Total other income (expense)	—	—	—	—	—	—	—	—
Income (loss) before income taxes	—	—	—	—	—	—	—	—
Provision for (benefit from) state income taxes	—	—	—	—	—	—	—	—
Provision for (benefit from) federal income taxes	—	—	—	—	—	—	—	—
Income (loss) from continuing operations	\$ 1,583	\$ (38,293)	\$ 42,313	\$ 134,273	\$ 21,221	\$ 119,020	\$ 117,180	\$ 117,180
Income (loss) from continuing operations attributable to non-controlling interest	—	—	—	—	—	—	—	—
Income (loss) from continuing operations attributable to the combined entity	\$ 1,583	\$ (38,293)	\$ 42,313	\$ 134,273	\$ 21,221	\$ 119,020	\$ 117,180	\$ 117,180

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